



MAY20'14 PM 1:10 BOARD

May 16, 2014

National Credit Union Administration
Secretary of the Board Gerald Poliquin
1775 Duke Street
Alexandria VA 22314-3428

RE: Risk Based-Capital Proposal

Dear Secretary Poliquin:

I am writing on behalf of Oxford Federal Credit Union, which serves members who live, work or worship in Oxford County in the State of Maine. We have 15,834 members and nearly \$144 million in assets. Oxford Federal Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Our credit union does not support NCUA implementing a more sophisticated risk-based capital framework, nor do we support NCUA's proposed risk based capital regulation. Oxford Federal Credit Union supports the current risk based net worth formula. We do not feel that NCUA has adequately justified the need for the rule. We also believe that more credit unions than NCUA has indicated would be impacted as their net worth would fall to just barely over well-capitalized or adequately capitalized levels. A number of risk weightings, especially for MBLs and mortgage concentrations do not appear to be properly calibrated for credit unions. We feel that more time is needed for the rule to be phased in.

It is our opinion that interest rate, concentration, liquidity, and reputation risks should be guarded against in the risk-based capital framework. Our credit union also feels that real estate and member business loans' weightings should have different risk weights based on whether they are current or delinquent. We do have corporate perpetual capital, and we do not agree with the risk weighting of 200 percent for corporate perpetual capital because corporate credit union perpetual capital is not inherently risky. With regards to NCUA's proposal to assign a risk weighting of 150 percent for investments with a weighted-average life between 5-10 years, and 200 percent for those over 10 years, we disagree with these proposed weightings. I do not agree that the length of an investment necessarily dictates the level of its risk. Finally, although we do not have CUSO investments, we do not agree with the risk weighting of 250 percent of the investments in CUSOs and do not feel that an investment in a CUSO is inherently risky.

We also believe that any risk-based capital framework should include the ability for all credit unions, not just low-income, to have access to supplemental capital.



In closing, I would like to once again reiterate that Oxford Federal Credit Union does not support NCUA's proposed risk based capital regulation because we believe more time is needed for it to be phased in; it would adversely affect capital requirements; and the risk weightings proposed do not seem appropriate.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

Sincerely,

A handwritten signature in black ink that reads "Matthew J. Kaubris". The signature is written in a cursive style with a large, sweeping "M" and "K".

Matthew J. Kaubris
President/CEO